
Maryland Department of Transportation Fiscal 2013 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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Analysis of the FY 2013 Maryland Executive Budget, 2012

Budget Overview

The fiscal 2012-2017 *Consolidated Transportation Program* (CTP) totals \$9.9 billion over the six-year period, the highest level since the recession. While the capital program is quite large, there are a number of projects that are not funded in the CTP. Examples include construction funding for the major transit lines beginning in fiscal 2015 and fully funding the State's obligations under the Watershed Implementation Plan. Furthermore, an increasing share of the existing capital program, particularly in future fiscal years, is spent on system preservation projects as opposed to major projects that would either expand the current system or make it more efficient.

Since the department's current financial forecast already assumes an economic recovery, it is unlikely that the department will be able to use future revenue growth to add new projects to the capital program. For new projects to be added to the capital program, either the existing capital program will need to be reprioritized or additional revenue will need to be identified. It should be noted that the department's own financial plan for constructing the major transit lines assumes a sizable revenue increase.

The Blue Ribbon Commission on Maryland Transportation Funding issued a series of recommendations in November 2011 that included raising \$870 million in new revenue through a series of actions, including raising the motor fuel tax 15 cents and registration fees 50%. While this recommended level of revenues is quite substantial, it likely will not fully fund all of the existing transportation needs and restore the local share of Highway User Revenues (HUR) as recommended.

Due to the funding pressure for the major transit lines, other unfunded projects, and the lack of funding for other major projects, policymakers are confronted with difficult decisions. Examples include the following:

- Should revenues be increased for transportation? If so, by how much, and from what sources?
- If revenues are not increased, how will the State address funding for the major transit lines, unfunded environmental projects, as well as funding for major projects to make the network more efficient?
- Can the State afford to construct two major transit lines simultaneously even with a revenue increase? If revenues are not increased, how will the capital program be reprioritized to construct the transit lines?
- How much should be provided for highway funding across the State?
- Can local HUR be fully restored or how much should it be restored as part of a revenue increase?

Analysis in Brief

Issues

Federal Aid Issues: Federal aid plays an important role in the Maryland Department of Transportation's (MDOT) six-year capital program. The current amount of revenue generated from the federal gas tax does not adequately fund the current level of aid distributed to states. To solve this structural deficit, either revenue needs to be increased, federal general fund transfers continued, or federal aid reduced. While there appears to be consensus on maintaining current levels of federal aid to states, there is no agreement on how to pay for it. Further complicating the picture is what impact the federal sequestration process might have on federal aid derived from the general fund. **The Department of Legislative Services recommends that MDOT discuss with the budget committees what it foresees as the impact of the sequestration process, as well as long-term prospects for federal transportation aid. MDOT should also discuss what impact any reductions to the New Start program may have on the State's ability to construct the major transit lines.**

Blue Ribbon Commission on Maryland Transportation Funding Releases Final Recommendations: Chapters 525 and 526 of 2010 established the Blue Ribbon Commission on Maryland Transportation Funding. The commission issued its final report and recommendations on November 1, 2011. The commission, among other things, recommended raising \$870 million in new revenue with a number of actions including a phased-in 15 cent motor fuel tax and a 50% increase in registration fees. There are a number of issues and alternatives to consider regarding the commission's recommendations.

Recommended Actions

1. Add annual budget bill language requiring notification of capital budget changes.
2. Add budget bill language establishing a position cap.
3. Add annual budget bill language on notification of non-transportation expenditures.

2011 Session Review

Chapter 397 of 2011, the Budget Reconciliation and Financing Act (BRFA) of 2011, implemented several modifications to statutory provisions relating to transportation revenues and policy. Transportation Trust Fund (TTF) revenues increased by approximately \$63.9 million starting in fiscal 2012 due to the actions described below.

- The certificate of title fee for vehicles was increased from \$50 to \$100; however, rental car transactions are exempt from the increase for three years. Half of the revenue from the certificate of title fee is dedicated to the TTF and half will continue to be credited to the Motor Vehicle Administration (MVA) to assist in meeting its cost recovery requirement. The increase is estimated to generate approximately \$52.4 million in the first year for the TTF.
- The annual “vanity tag” fee was also increased from \$25 to \$50, which is estimated to increase TTF revenues by approximately \$2.5 million.
- The vehicle dealer processing charge was increased from \$100 to \$200 for three years and then to \$300 permanently, generating approximately \$5.3 million in TTF revenues beginning in fiscal 2012.
- The dealer vendor credit was lowered from the lesser of \$24 or 1.2% of the gross excise tax the dealer collects to the lesser of \$12 or 0.6%, increasing TTF revenues by approximately \$3.7 million in fiscal 2012.
- As introduced, Chapter 397 would have permanently transferred the interest income from the TTF to the general fund; however, an exemption was provided for the TTF.

Reconciliation of General Fund and TTF Revenues

Chapter 397 divorced the revenue relationship between the general fund and the TTF by minimizing ongoing revenue sharing between the two funds. The TTF, the general fund, and local jurisdictions were held harmless relative to the fiscal 2012 allowance. To allow for the revenue reconciliation Chapter 397 implemented the following:

- permanently credited the TTF share of the general sales tax to the general fund beginning in fiscal 2012;
- lowered the TTF share of the corporate income tax; and
- reduced the ongoing distribution of Highway User Revenues (HUR) to the general fund in fiscal 2012 and credited it all to the TTF beginning in fiscal 2013. As a result, the TTF share of HUR increases to 90% in fiscal 2013 and remains at 90.4% thereafter.

Fiscal 2012 Funding Transfers

Chapter 397 transferred \$100 million from the TTF with \$60 million directed to the general fund and \$40 million to the Rainy Day Fund. Unlike the Administration's proposed plan, the legislation allowed for the repayment of the \$100 million transfer. As part of the reconciliation of TTF revenues, \$60 million is repaid from fiscal 2014 to 2016. The new revenue from the certificate of title fee repays the \$40 million transfer to the Rainy Day Fund. In addition, beginning July 1, 2012, Chapter 397 included a provision that prohibits the transfer of State TTF revenues to the general fund unless legislation provides for repayment of the funds within five years.

Additional Capital Spending

The department indicates that the additional revenue provided funding for the following projects:

- \$55 million for the Watershed Implementation Plan (WIP);
- \$38 million for various port related system preservation projects;
- \$34 million for the Maryland Area Regional Commuter (MARC) coach purchases; and
- \$22 million for bicycle and pedestrian projects.

Transportation Trust Fund Overview

The TTF is a nonlapsing special fund that provides funding for transportation. It consists of tax and fee revenues, operating revenues, bond proceeds, and fund transfers. The Maryland Department of Transportation (MDOT) issues bonds backed by TTF revenues and invests the TTF fund balance to generate investment income. The Maryland Transit Administration (MTA), MVA, the Maryland Port Administration, and the Maryland Aviation Administration (MAA) generate operating revenues that cover a portion of their operating expenditures.

The tax and fee revenues include motor fuel taxes, rental car sales taxes, titling taxes, vehicle registration fees, a portion of the corporate income tax, and other miscellaneous motor vehicle fees. A portion of these revenues are credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). Of the revenues deposited into the GMVRA, distributions are made in fiscal 2013 to local jurisdictions and the TTF. The funds retained by the TTF support the capital program, debt service, and operating costs.

Fiscal 2011 TTF Revenue Closeout

The TTF ended fiscal 2011 with a fund balance of \$221 million, \$121 million higher than the \$100 million projected closing balance, as shown in **Exhibit 1**. The higher fund balance is a result of revenues being \$29 million higher than expected and spending \$92 million less than expected.

Tax and fee revenues were \$46 million greater than estimated, with the titling tax \$24 million higher than expected due to vehicle unit sales and prices increasing in fiscal 2011. Motor fuel tax revenue was \$23 million higher than expected; however, fiscal 2011 revenue is inflated due to an accounting change that will result in decreased fiscal 2012 revenues. Other receipts and adjustments add \$58 million largely due to operating revenues coming in \$18 million higher and federal reimbursements for the fiscal 2010 winter storms. With revenues exceeding estimates and spending less than expected, the department did not issue \$75 million in bonds that were projected.

Capital budget expenditures were \$96 million less than the January 2011 estimate due to funding being transferred to support winter maintenance expenditures in the operating budget and cash flow changes in project spending. Minor changes in HUR, general fund distributions, debt service, and operating spending result in a net decrease of \$4 million.

Exhibit 1
Fiscal 2011 Transportation Trust Fund Closeout
(\$ in Millions)

	Projected 2011	Actual 2011	Variance
Starting Fund Balance	\$234	\$234	\$0
Revenues			
Titling Taxes	\$571	\$595	\$24
Motor Fuel Taxes	729	752	23
Sales Tax	229	228	-1
Corporate Income, Registrations, and Miscellaneous MVA Fees	727	727	0
Other Receipts and Adjustments	512	570	58
Bond Proceeds and Premiums	75	0	-75
Total Revenues	\$2,843	\$2,872	\$29
Uses of Funds			
MDOT Operating Expenditures	\$1,543	\$1,546	\$3
MDOT Capital Expenditures	717	621	-96
MDOT Debt Service	159	156	-3
Highway User Revenues	137	139	2
Other Expenditures	421	423	2
Total Expenditures	\$2,977	\$2,885	-\$92
Final Ending Fund Balance	\$100	\$221	\$121

MDOT: Maryland Department of Transportation

MVA: Motor Vehicle Administration

Note: Totals may not sum due to rounding.

Source: Maryland Department of Transportation, September 2011

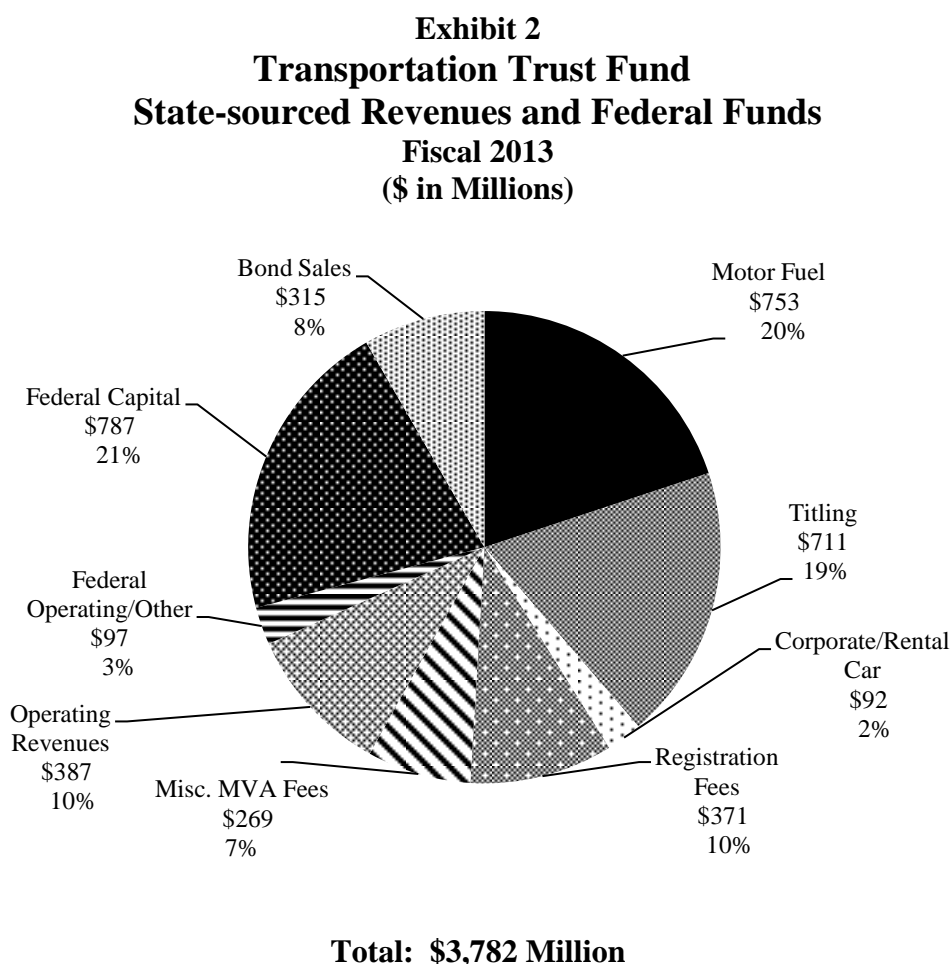
Fiscal 2012 Year-to-date Revenue Receipts

The State has revenue information through November 2011 and preliminary revenue information for December 2011. Based upon the fiscal 2012 revenue estimate and historical

attainment, the titling tax is underperforming relative to the estimate by \$18 million. Vehicle sales are projected to grow in calendar 2012, so revenues could reach the estimate; however, for that to occur, vehicle sales will need to increase from the current level. Motor fuel tax revenues are a bit more difficult to determine at this point due to collection issues and accounting changes; however, it would appear that revenues are slightly below estimates.

Fiscal 2012 through 2017 Revenue Projections

Exhibit 2 shows that the TTF's largest revenue sources in fiscal 2013 are federal capital aid, motor fuel tax, and the titling tax, which represent approximately 60% of all fund sources. MDOT is projecting \$315 million in bonds will be sold to supplement the capital program in fiscal 2013.

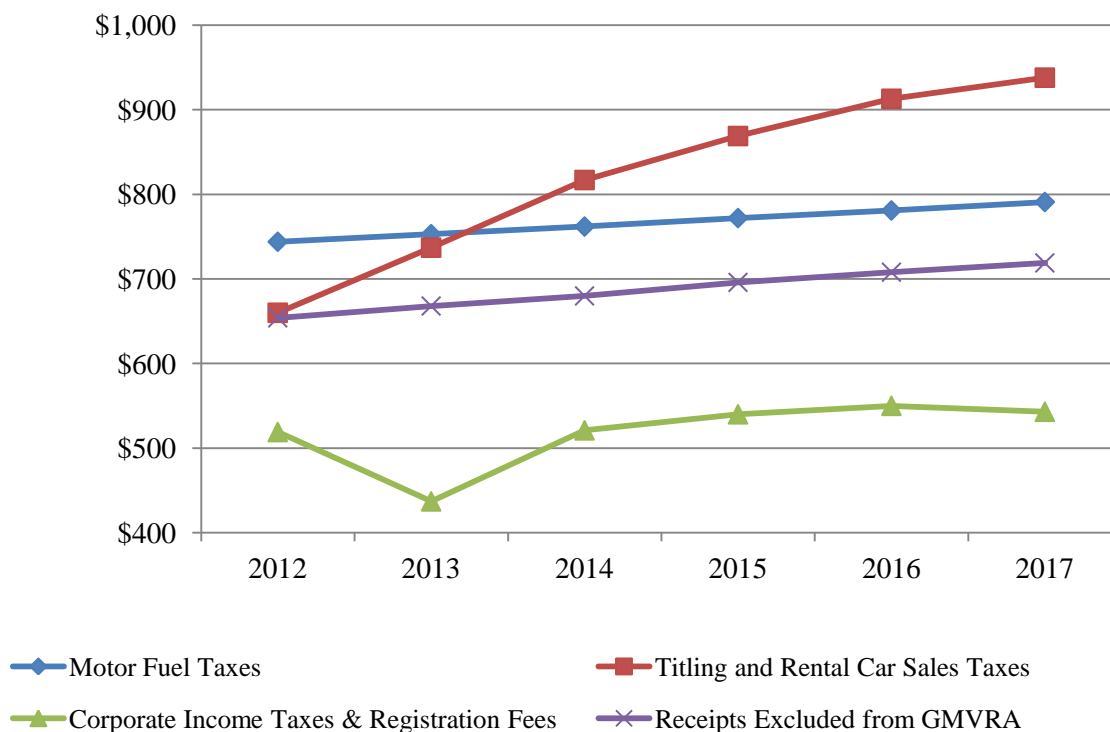


MVA: Motor Vehicle Administration

Source: Governor's Budget Books, Fiscal 2013, Volume I, pages 580-584

Exhibit 3 shows that MDOT’s state-sourced revenues are expected to grow throughout the forecast period. Over the six-year period, GMVRA revenues, after deductions, are expected to increase from a total of approximately \$1.7 billion in fiscal 2012 to \$1.9 billion in fiscal 2017, an average annual increase of 2.9%. Average annual growth for the titling and rental car sales tax is estimated to be 7.3%, with higher growth in fiscal 2013 and 2014 as vehicle sales are expected to rebound with the economy before leveling off thereafter. Motor fuel tax revenues are expected to grow approximately 1.2% on average annually, while registration fees and the corporation income tax are estimated to grow 0.9%. The decline in fiscal 2013 corporate income tax receipts is due to the end of revenue transfers between the general fund and the TTF. **Appendix 1** provides a summary of the financial forecast.

Exhibit 3
Transportation Trust Fund
Forecasted State-sourced Revenues
Fiscal 2012-2017
(\$ in Millions)



GMVRA: Gasoline Motor Vehicle Revenue Account

Source: Maryland Department of Transportation, *Transportation Trust Fund Forecast*, January 2012

Long-term Forecast Overview and Issues

The department's fiscal 2012 through 2017 financial forecast is plausible, and the department has demonstrated its ability to manage the capital program throughout the downturn in the economy. However, while the economy shows signs that it has stabilized, risks still exist to revenues and the economy at large.

Unlike the recent past where the economy and revenues have presented the greatest risk to the department's financial forecast and capital program, the greater risk now to the capital program is how to pay for a number of unfunded projects and continue to maintain the system. Planned capital spending is at its highest levels since the recession; however, this level of spending does not include funding for the construction of the major transit lines. Nor does the financial forecast adequately fund the department's obligations under the WIP. Given that the department's financial forecast already assumes an economic recovery, the likelihood of revenue growth addressing the unfunded needs for transportation is unlikely. How the department will meet these unfunded needs is unclear at this time.

Specific Revenue Issues

There are two issues relating to revenues that are worth noting.

Impact of the Trade-in Allowance

As part of the increase in the titling tax rate from 5 to 6% during the 2007 special session, a trade-in allowance was provided whereby the trade-in value of a vehicle was reduced from the purchase price for the purpose of calculating the titling tax. MVA has tracked the impact of the trade-in allowance, and it is clear that the trade-in allowance has largely offset any additional revenue that might have been expected from increasing the tax rate. In fiscal 2011, revenues increased by 3.5% when going from the 5.0% tax rate to the 6.0% rate with a trade-in allowance, instead of the expected 20.0% when going from 5.0 to 6.0%. **If the General Assembly is to consider additional revenue for transportation, one option is either eliminating or reducing the impact of the trade-in allowance.**

State Debt Limitations

The State is nearing its limit of debt service not exceeding 8% of revenues. Previously, when there was more debt capacity, the department could issue the debt it determined was necessary to maintain the capital program without regard for other State needs. Now that the ability to issue debt is constrained, the department may not be able to issue the debt it needs and/or it may need to constrain its debt issuances to meet broader State funding goals. The Spending Affordability Committee recommended that limits be applied in the future to each type of State debt. The Capital Debt Affordability Committee has agreed to implement an administrative policy whereby it will make recommendations on the level of general obligation debt to be issued and a limit on aggregate tax-supported debt. It is possible that transportation debt may be limited in the future to meet other

State capital needs. This problem would be mitigated should general fund or TTF revenues be increased.

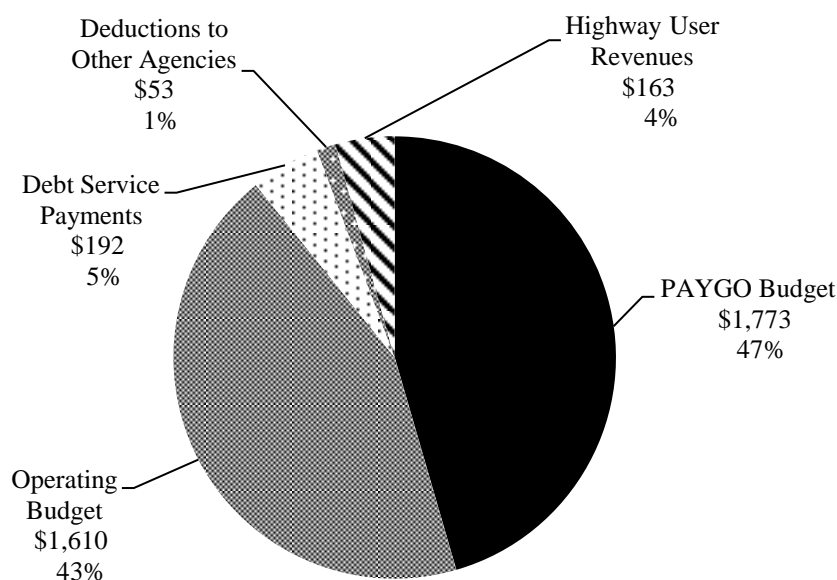
Fund Transfers Between the TTF and Other Funds

In fiscal 2012, the department will transfer \$50 million to the general fund. Approximately \$40 million is being transferred to the Rainy Day Fund as provided in the BRFA of 2011. The fiscal 2012 appropriation also requires the transfer of approximately \$7 million associated with the savings from the Voluntary Separation Program and \$3 million from electricity savings.

Budget Overview

Exhibit 4 illustrates all expenditures from the TTF in fiscal 2013. The pay-as-you-go (PAYGO) capital program and the operating budgets of the modes each represents about 90% of total spending. The remainder of TTF expenditures go toward, debt service on Consolidated Transportation Bonds (CTB), the share of HUR distributed to counties and municipalities, and deductions to other State agencies.

Exhibit 4
Fiscal 2013 Transportation Trust Fund Uses
Total Spending: \$3.8 Billion
(\$ in Millions)



PAYGO: pay-as-you-go

Note: The chart includes special funds from the Transportation Trust Fund and federal funds only. It excludes \$245 million in other funding for the capital program. For illustrative purposes, other funding can include the Maryland Transportation Authority, passenger facility charges, customer facility charges, local county participation, pass through federal funding for the Washington Metropolitan Area Transit Authority, and funding from the Transportation Security Administration.

Source: Maryland Department of Transportation, *Transportation Trust Fund Forecast*, January 2012

Proposed Budget

Exhibit 5 categorizes the fiscal 2013 proposed allowance by the operating and PAYGO capital budget for each modal administration, debt service, and local highway user grants. MDOT's total fiscal 2013 allowance increases \$187.5 million, or 5.3%, compared to the fiscal 2012 working appropriation. Over half of the increase is attributable to increases in the capital budget (\$129.5 million). Other areas experiencing increases including the operating budget (\$34.6 million), local aid (\$16.1 million), and debt service (\$7.2 million). Total special fund spending increases \$145.1 million, or 5.4%, compared to the fiscal 2012 working appropriation, while federal funds increase \$42.5 million, or 4.8%. The increase in special fund spending is attributable to revenue growth and bond sales.

Exhibit 5 Transportation Budget Overview Fiscal 2011-2013

	<u>2011</u>	<u>Work. App.</u> <u>2012</u>	<u>Allowance</u> <u>2013</u>	<u>\$</u> <u>Change</u> <u>2012-2013</u>	<u>%</u> <u>Change</u> <u>2012-13</u>
Operating					
Secretary's Office	\$70,650,850	\$75,666,732	\$79,376,927	\$3,710,195	4.9%
WMATA	228,594,357	256,741,778	262,688,210	5,946,432	2.3%
State Highway Administration	252,179,522	209,804,090	216,595,646	6,791,556	3.2%
Port Administration	44,454,269	44,362,250	46,585,011	2,222,761	5.0%
Motor Vehicle Administration	157,343,800	163,653,692	170,726,942	7,073,250	4.3%
Transit Administration	621,917,042	651,404,746	658,057,361	6,652,615	1.0%
Aviation Administration	170,765,300	174,128,322	176,358,504	2,230,182	1.3%
Subtotal	\$1,545,905,140	\$1,575,761,610	\$1,610,388,601	\$34,626,991	2.2%
Debt Service	\$155,727,396	\$184,671,475	\$191,915,100	\$7,243,625	3.9%
Local Highway User Grants	\$157,544,785	\$146,926,006	\$162,984,600	\$16,058,594	10.9%
Capital					
Secretary's Office	\$36,582,509	\$74,172,806	\$68,847,965	-\$5,324,841	-7.2%
WMATA	112,257,275	129,956,000	145,956,000	16,000,000	12.3%
State Highway Administration	738,253,571	895,609,000	915,650,000	20,041,000	2.2%
Port Administration	57,032,822	71,746,361	100,644,000	28,897,639	40.3%
Motor Vehicle Administration	17,222,426	17,336,841	24,161,080	6,824,239	39.4%
Transit Administration	324,770,892	396,636,000	446,310,272	49,674,272	12.5%
Aviation Administration	43,802,426	57,972,000	71,406,000	13,434,000	23.2%
Subtotal	\$1,329,921,921	\$1,643,429,008	\$1,772,975,317	\$129,546,309	7.9%
Total of All Funds					
Special Fund	\$2,389,159,628	\$2,668,801,955	\$2,813,859,164	\$145,057,209	5.4%
Federal Fund	799,760,756	881,918,514	924,404,454	42,485,940	4.8%
Reimbursable Fund	178,858	67,630	0	-67,630	-100.0%
Grand Total	\$3,189,099,242	\$3,550,788,099	\$3,738,263,618	\$187,475,519	5.3%

WMATA: Washington Metropolitan Area Transit Authority

Source: Maryland State Budget

Operating Budget Analysis

MDOT's operating allowance includes expenditures for each of the modes, as well as debt service and local HUR. The fiscal 2013 operating allowance totals approximately \$2.0 billion, an increase of \$57.9 million, or 3.0%, compared to the fiscal 2012 working appropriation. Approximately 82.0% of the operating allowance is used for the operating budgets of each of the modes.

Fiscal 2013 Proposed Budget

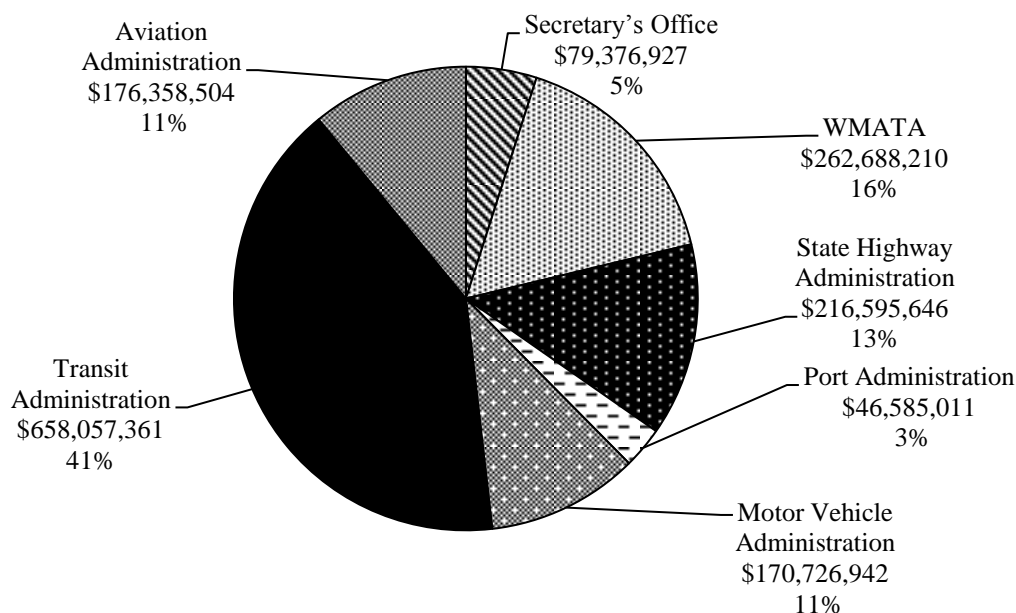
Operating Programs

The fiscal 2013 allowance for operating programs totals \$1.6 billion, an increase of \$34.6 million, or 2.2%, over the fiscal 2012 working appropriation. The largest increase is at MVA, which increases \$7.1 million, or 4.3%, due to the transfer of the Highway Safety Office from the State Highway Administration (SHA). Other increases in the operating program include funding for winter and summer contract maintenance at SHA, the operating subsidy to the Washington Metropolitan Area Transit Authority (WMATA), and the addition of statewide cost recovery for various functions at the Secretary's Office (TSO).

It should be noted that MTA's fiscal 2013 allowance is likely understated. MTA's current contract with its union employees expires at the end of fiscal 2012. It is MTA's practice to not budget for any union wage increase. Within MDOT's financial forecast, there is funding set aside in the contingencies fund to cover a portion, if not all, of any agreed upon wage increase.

Exhibit 6 shows fiscal 2013 operating budget allowances by mode and provides the percentage of spending on each mode. Transit spending represents the largest share of the operating budget at 57%.

Exhibit 6
Fiscal 2013 Operating Budget Allowance by Mode



WMATA: Washington Metropolitan Area Transit Authority

Source: Maryland State Budget Books, Fiscal 2013, Volume I

Personnel

As shown in **Exhibit 7**, the fiscal 2013 allowance contains 8,732.5 regular positions, a decrease of 12.5 positions from the fiscal 2012 working appropriation. Contractual full-time equivalents (FTE) decrease in the 2013 allowance by 7.5 FTEs, for a total of 132.41 contractual FTEs.

Exhibit 7
Regular and Contractual FTEs
Operating and Capital Programs
Fiscal 2011-2013

	<u>2011</u>	<u>Working</u> <u>2012</u>	<u>Allowance</u> <u>2013</u>	<u>Change</u> <u>2012-13</u>	<u>% Change</u> <u>2012-13</u>
Regular Positions					
Secretary's Office	320.0	309.0	309.0	0.0	0.0%
State Highway Administration	3,122.5	3,062.5	3,047.5	-15.0	-0.5%
Maryland Port Administration	228.0	225.0	225.0	0.0	0.0%
Motor Vehicle Administration	1,573.5	1,561.5	1,571.0	9.5	0.6%
Maryland Transit Administration	3,103.5	3,093.5	3,088.5	-5.0	-0.2%
Maryland Aviation Administration	501.5	493.5	491.5	-2.0	-0.4%
Total	8,849.0	8,745.0	8,732.5	-12.5	-0.1%
Contractual FTEs					
Secretary's Office	7.5	7.5	7.5	0.0	0.0%
State Highway Administration	2.3	22.0	22.0	0.0	0.0%
Maryland Port Administration	1.7	1.2	1.2	0.0	0.0%
Motor Vehicle Administration	57.5	92.7	85.2	-7.5	-8.1%
Maryland Transit Administration	16.0	16.0	16.0	0.0	0.0%
Maryland Aviation Administration	0.5	0.5	0.5	0.0	0.0%
Total	85.5	139.9	132.4	-7.5	-5.4%

FTE: full-time equivalent

Source: Maryland State Budget

Exhibit 8 provides a summary of the changes in personnel from the fiscal 2012 allowance to the fiscal 2013 allowance. Following is a summary of the major changes:

- 114.0 positions were abolished as part of the Voluntary Separation Program that was offered in fiscal 2011, which is estimated to save the department \$7.4 million;
- 59.0 positions were abolished as part of Section 47 in the fiscal 2012 legislative appropriation, saving approximately \$3.0 million;
- 20.0 positions abolished as part of the fiscal 2013 allowance;

Exhibit 8
Fiscal 2012 to 2013 Regular Position Changes

	<u>Fiscal 2012 Allowance</u>	<u>Voluntary Separation Program</u>	<u>Fiscal 2012 Section 47</u>	<u>New Positions/ Transfers</u>	<u>Fiscal 2013 Abolishment</u>	<u>Fiscal 2013 Allowance</u>
Secretary's Office	330.0	-13.0	-2.0	-6.0	n/a	309.0
State Highway Administration	3,142.5	-52.0	-28.0	-7.0	-8.0	3,047.5
Maryland Port Administration	233.0	-7.0	-1.0	n/a	n/a	225.0
Motor Vehicle Administration	1,593.5	-20.0	-14.0	16.5	-5.0	1,571.0
Maryland Transit Administration	3,114.5	-11.0	-11.0	1.0	-5.0	3,088.5
Maryland Aviation Administration	506.5	-11.0	-3.0	1.0	-2.0	491.5
Total	8,920	-114.0	-59.0	5.5	-20.0	8,732.5

Source: Department of Legislative Services; Maryland Department of Transportation

- 2.0 positions transferred to the Office of Attorney General's Civil Litigation Division for MDOT related litigation; and,
- 7.5 new positions that were converted from contractual positions to implement Chapter 557 of 2011, requiring and expanding the ignition interlock program.

Two other interdepartmental transfers occurred between fiscal 2012 and the allowance. First, 4 Minority Business Enterprise positions were transferred from TSO to the various modes to assist with compliance and investigation. Second, the Highway Safety Office, and 7 positions, were transferred to MVA from SHA.

The fiscal 2013 allowance also includes two back-of-the-bill sections that would impact the department. Section 19 proposes to provide resources to the Department of Information Technology (DoIT) to manage web design services and contracts. The objective is to consolidate contracts and personnel so that DoIT manages basic systems while agencies manage their specialized content. Approximately \$900,000 and 11 regular positions are authorized to be transferred from State agencies budgets into DoIT's budget. With respect to SHA and MVA, the section authorizes the Governor to transfer 3 regular positions and \$247,447 in special funds from SHA and MVA into DoIT. This initiative is discussed in the DoIT budget.

Debt Service

The budgeted fiscal 2013 allowance for debt service payments is \$191.9 million, an increase of \$7.2 million, or 3.9%, from the fiscal 2012 working appropriation. The increase is the result of established debt service schedules for previously issued bonds and the planned issuance of \$315.0 million in new debt in fiscal 2013.

At the end of fiscal 2013, CTB debt outstanding is expected to total \$1.9 billion, which remains below the statutory cap of \$2.6 billion. MDOT is forecasted to adequately maintain all bond coverage ratios throughout the forecast period.

Local HUR

HUR are derived from a portion of tax and fee revenues that are deposited in the GMVRA and subsequently distributed among the TTF, Baltimore City, counties, and municipalities. The local share of HUR totals approximately \$163.0 million in the fiscal 2013 allowance, an increase of \$16.1 million, or 10.9%, compared to the fiscal 2012 working appropriation. The increase in the appropriation is due to revenue growth and the local percentage share of HUR increasing.

Exhibit 9 provides a summary of HUR funding from fiscal 2011 to 2014.

Exhibit 9
Distribution of Highway User Revenues
Fiscal 2011-2014
(\$ in Millions)

	Fiscal 2011		Fiscal 2012		Fiscal 2013		Fiscal 2014	
	<u>Percent</u>	<u>Dollar</u>	<u>Percent</u>	<u>Dollar</u>	<u>Percent</u>	<u>Dollar</u>	<u>Percent</u>	<u>Dollar</u>
MDOT	68.5%	\$1,123	79.8%	\$1,317	90.0%	\$1,467	90.4%	\$1,604
General Fund	23.0%	377	11.3%	186	0.0%	–	0.0%	–
Local Share	8.5%	139	8.9%	147	10.0%	163	9.6%	170
Total	100.0%	\$1,639	100.0%	\$1,650	100.0%	\$1,630	100.0%	\$1,774
Local Distribution								
Baltimore City	7.9%	\$129	7.5%	\$124	8.1%	\$132	7.7%	\$137
Counties	0.5%	8	0.8%	13	1.5%	24	1.5%	26
Municipalities	0.1%	2	0.6%	10	0.4%	7	0.4%	7
Total	8.5%	\$139	8.9%	\$147	10.0%	\$163	9.6%	\$170

MDOT: Maryland Department of Transportation

Source: Maryland Department of Transportation, *Transportation Trust Fund Forecast*, January 2012

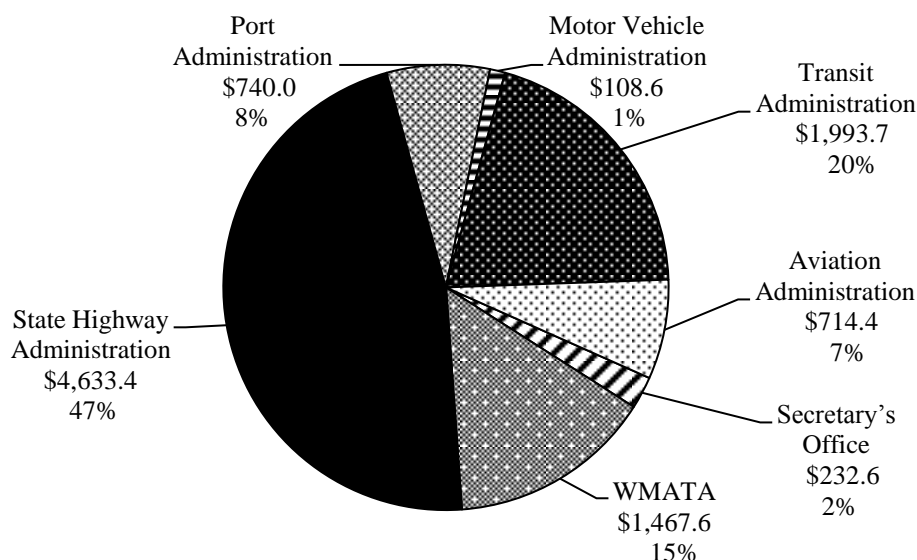
PAYGO Capital Budget Analysis

The *Consolidated Transportation Program* (CTP) is issued annually to the General Assembly, local elected officials, and interested citizens. The CTP provides a description of projects proposed by MDOT for development and evaluation or construction over the next six-year period.

Fiscal 2012 through 2017 CTP

The fiscal 2012 through 2017 CTP totals \$9.9 billion for projects supported by State, federal, and other funds. To date, other funding has primarily been used at Baltimore/Washington International Thurgood Marshall (BWI) Airport. This type of funding has also been utilized for projects by WMATA and MTA. **Exhibit 10** shows the funding level for each mode over the current six-year period, including special, federal, and other funds. SHA accounts for the largest portion of the program at 47%. Transit funding, including WMATA and MTA, accounts for 35% of spending.

Exhibit 10
Proposed Capital Funding by Mode
Fiscal 2012-2017
(\$ in Millions)

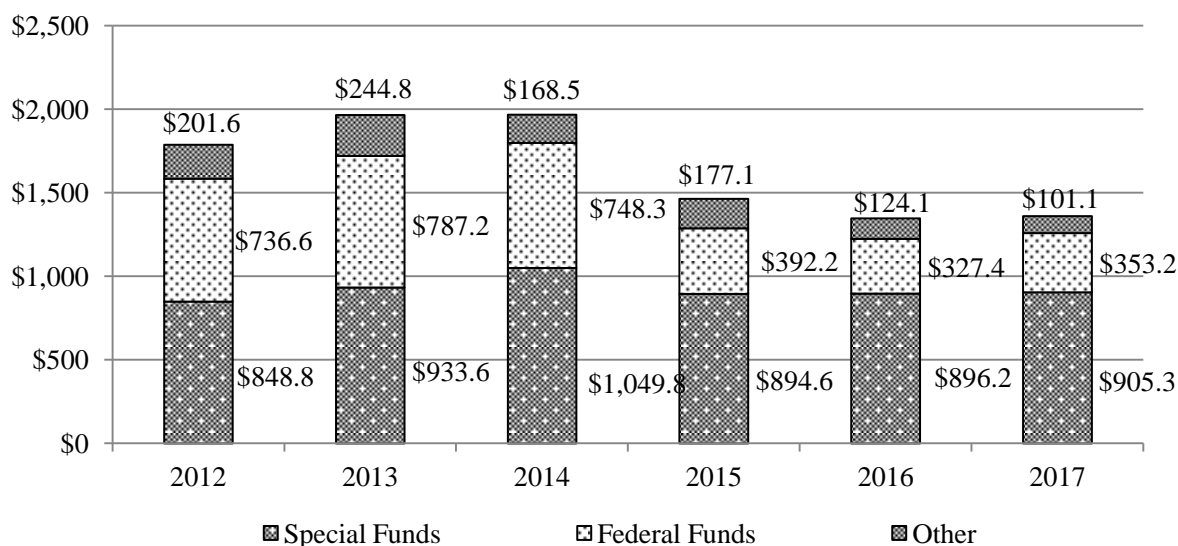


WMATA: Washington Metropolitan Area Transit Authority

Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

Exhibit 11 shows the level of special, federal, and other funds for each fiscal year of the capital program. Special funds fund the largest share of the capital program, although federal funds also play a significant role.

Exhibit 11
Proposed Capital Funding by Year and by Source
Fiscal 2012-2017
(\$ in Millions)



Source: Maryland Department of Transportation, *2012-2017 Consolidated Transportation Program*

From fiscal 2012 to 2014, the capital program is expected to increase each year. As discussed in more detail later, much of the increase is due to the reprogramming of funds unspent in fiscal 2010 and 2011. In addition, revenue growth and the additional revenue provided in the 2011 session has allowed the department to add special fund spending across the various modes.

The capital program declines by \$502.7 million from fiscal 2014 to 2015, remaining at approximately the \$1.3 billion to \$1.4 billion level through fiscal 2017. From fiscal 2014 to 2015, special funds decline approximately \$155.0 million and stay at a fairly constant level of \$900.0 million. The decline in special funds is entirely attributable to spending declines at MTA of \$160.0 million due to the lack of construction funding for the major transit lines and a number of projects almost being finished or completed in fiscal 2014.

Federal funds decline by approximately \$356 million from fiscal 2014 to 2015. The largest decline is with MTA which decreases by approximately \$260 million largely due to discretionary federal funds ending in fiscal 2014. This includes approximately \$141 million less in funding for the

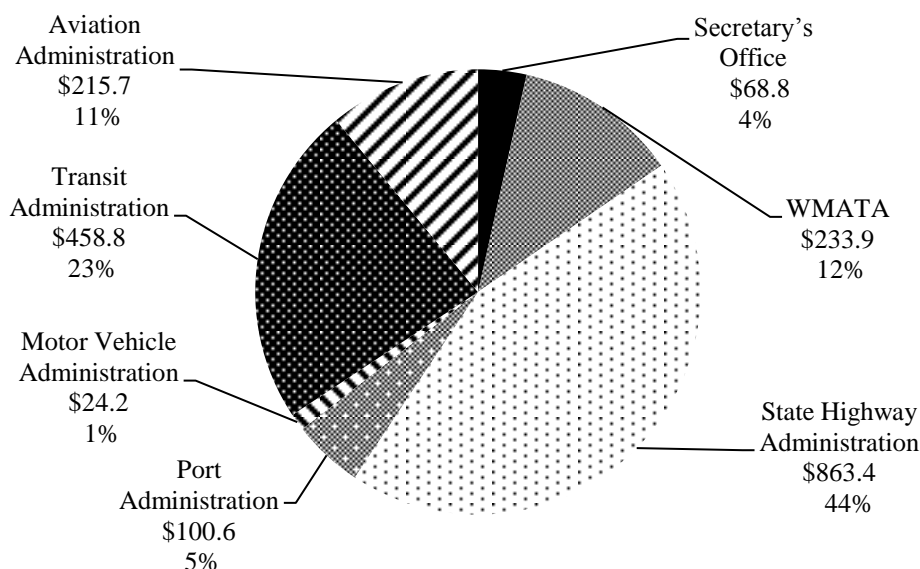
transit lines because federal funding for engineering ends. Other reductions include homeland security grants, locally operated transit systems, and MARC car procurement. SHA declines by \$90 million due to funding for Base Realignment and Closure and federal earmark projects ending.

Fiscal 2013 Capital Budget

Exhibit 12 shows that, including other funding, the fiscal 2013 PAYGO capital budget totals approximately \$2.0 billion, an increase of approximately \$179.0 million, or 10.0%, compared to fiscal 2012. The fiscal 2013 budget includes \$933.6 million in special funds, \$787.2 million in federal funds, and \$244.8 million in other funds. Special funds increase \$84.8 million due to the reprogramming of unspent fiscal 2011 funds. Federal funds increase approximately \$50.6 million also due to reprogramming of unspent fiscal 2011 funds. Other funds increase \$43.2 million due to cash flow changes in several projects and the addition of the B/C connector at the BWI airport.

As shown, approximately 44% of the capital program is for highway-related expenditures. Total transit spending accounts for 35% of capital spending, similar to spending for the six-year totals. Of note is that MAA's capital spending has increased compared to the fiscal 2011 to 2016 CTP with the addition of the B/C connector and the runway safety/paving project. Both of these projects are largely funded by passenger facility charges.

Exhibit 12
Fiscal 2013 Capital Budget
(\$ in Millions)



WMATA: Washington Metropolitan Area Transit Authority

Source: Maryland Department of Transportation, 2012-2017 Consolidated Transportation Program

Other Funds

The fiscal 2012 through 2017 CTP also includes \$244.8 million in other funds for fiscal 2013, as shown in **Exhibit 13**. The other funding is comprised of pass through federal money for WMATA, local county participation, passenger facility charges, customer facility charges, and funding from the Transportation Security Administration.

Exhibit 13
Fiscal 2013 Other Funds
(\$ in Thousands)

<u>Project</u>	<u>Other Source</u>	<u>2013 Funding</u>
Langley Park Transit Center	Local	\$8,432
Bethesda Metro Entrance D&E	Local	1,658
Intercity Intermodal Transit Center	Local	641
LOTS Elderly Handicapped Nonprofit Services	Local	565
Freight Pollution Reducing Locomotives	Local	425
Howard Street Revitalization	Local	350
LOTS Central Maryland Transit Facility D&E	Local	320
Minor Projects (3)	Local	151
Owings Mills Joint Development	Local	0*
Total Other Funds MTA		\$12,542
 WMATA Capital Improvement Program	 WMATA Federal	 \$87,975
Total Other Funds WMATA		\$87,975
 Concourse B/C Connector	 PFC	 \$63,189
RSA/PMP Improvements	PFC	62,180
BWI Integrated Security System	PFC/TSA	8,837
Consolidated Rental Car Facility Improvements	CFC	4,480
Consolidated Dispatch Center	PFC	2,285
Permanent Noise Monitoring System Replacement	PFC	1,438
Hagerstown Airport	Direct Federal	1,000
TSA Baggage Screening Improvements	TSA	841
 Total Other Funds MAA		 \$144,250
 Grand Total		 \$244,767

BWI: Baltimore/Washington International Thurgood Marshall Airport
CFC: Customer Facility Charges
D&E: Development and Evaluation
LOTS: locally operated transit systems
MAA: Maryland Aviation Administration
MTA: Maryland Transit Administration

PFC: Passenger Facility Charges
PMP: Pavement Management Program
RSA: Runway Safety Area
TSA: Transportation Security Administration
WMATA: Washington Metropolitan Area Transit Authority

* Baltimore City is contributing \$13.1 million to the project, but it is not reflected in the *Consolidated Transportation Program*.

Source: Maryland Department of Transportation

Issues

1. Federal Aid Issues

Federal funds are an important part of the department's capital program as evidenced by the fund source accounting for 38% of the department's six-year capital program (excluding "other" funds). While federal funds play an important part in supporting the capital program, there remain concerns about the future level of federal aid for the capital program.

Background

Federal transportation aid is predominantly derived from an 18.4 cent gasoline and 24.4 cent diesel tax, with revenues deposited into the Highway Trust Fund (HTF) and then distributed to the states. Formula funding levels are set in a six-year authorization bill, although the most recent authorization expired on September 30, 2009. Fiscal 2012 funding is currently authorized through a continuing resolution effective through March 31, 2012, one of multiple continuing resolutions since the last authorization expired. Under the prior authorization, Safe, Accountable, Flexible and Efficient Transportation Act – A Legacy for Users, Maryland received average annual funding of \$720 million (\$580 million for highways and \$140 million for transit).

Current Funding Status

From 1996 to 2000, receipts to the HTF exceeded outlays and a significant fund balance developed. The past two authorizations set the level of spending above the level of revenues to draw down the fund balance. In recent years, revenues did not meet estimates, and a negative cash balance was estimated. Since federal law requires the HTF to maintain a positive cash balance to ensure payment of all prior obligations of funds by states, general fund transfers have occurred to maintain spending. To date, approximately \$34.5 billion has been transferred from the federal general fund to the HTF to maintain existing funding levels. Recent estimates showing that the HTF will have a positive cash balance through federal fiscal 2012, but that in fiscal 2013, either additional revenue or transfers will be required to maintain current funding levels.

Long-term Funding Issues

At this time, the likelihood that Congress will come to any sort of agreement regarding what future funding levels will be or how to fund transportation appears to be slim, but better than prior years. Unlike last year at this time, it does appear that Congress is interested in maintaining current funding levels for states, the problem is how to pay for it. The House has indicated it will move forward with a long-term plan to provide funding at current levels despite earlier passing a budget resolution that would have reduced transportation funding by up to one third. The Senate is moving forward with a two-year authorization. The major stumbling block in both houses, as it has been for several years, is how to pay for maintaining transportation funding. The Senate plan would require an additional \$13 billion in new revenue or transfers, while the House plan would require \$50 billion.

The House has discussed using tax receipts from off shore oil drilling to pay for a long-term transportation plan; however, the revenue estimates for this are debatable and likely would not occur for several years. A broader policy issue is that by law the HTF is required to receive an overwhelming majority of its revenue from the users who benefit from the spending, the motor fuel tax. If additional non motor fuel tax revenues are added to the HTF, or more transfers occur, the historical policy of having the HTF as a user fund will be broken.

Budget Control Act and the Impact of the Federal Deficit on Transportation

Due to Congress failing to reach a plan on how to reduce the long-term federal deficit, automatic reductions to discretionary spending, called sequestration, are set to occur. It appears that federal transportation aid from the motor fuel tax is exempt from the process. Even if federal transportation aid is subject to sequestration, the larger issue facing transportation aid is long-term funding.

While a majority of transportation funding appears to be exempt from the sequestration, one important program is not. The New Starts program is a transportation program that funds large mass transit projects out of the federal general fund. To construct the Red and Purple Line, the department is assuming that 50% of the cost will be paid by the federal government. In the short term, it is unlikely that the automatic reductions will adversely impact the planning for the transit lines.

Reducing the long-term federal deficit is an issue Congress will have to tackle due to political and fiscal realities. Even if the sequestration does not take effect, the desire to reduce the federal deficit will remain. If discretionary spending is reduced, the New Starts program could be reduced meaning that the State would have to contribute more for the transit lines or only one transit line could be constructed at a time.

Maryland Impact

For Maryland, the debt and revenue constraints confronting the State, as well as the potential construction of three major transit lines, will likely result in federal funds having an even greater importance for the capital program in the future. While there appears to be consensus to maintain current funding levels for transportation, how to pay for that is far from clear. It is also important to see what impact the debate on reducing the deficit will have on transportation aid. Other issues important to Maryland include the distribution of gas tax revenues among states, the distribution of revenues between highways and transit, any changes in environmental requirements, and the issue of predictability in future federal aid.

It is also important to note that the department's forecast of federal aid is conservative in nature. If a long-term funding solution is found that maintains current funding levels, the capital program would see more funding. In particular, it is likely that the federal highway aid would increase under this scenario.

DLS recommends that MDOT discuss with the budget committees what it foresees as the potential impact of the sequestration process. MDOT should also discuss what impact any reductions to the New Start program may have on the State’s ability to construct the major transit lines. The agency should also address long-term prospects for federal transportation aid.

2. Blue Ribbon Commission on Maryland Transportation Funding Releases Final Recommendations

Chapters 525 and 526 of the 2010 session established the Blue Ribbon Commission on Maryland Transportation Funding. The law required the commission to review, evaluate, and make recommendations on the current funding sources and needs of the TTF; highway, transit, and pedestrian and bicycle funding needs; options for public-private partnerships; the structure of regional authorities; the impact of economic development and smart growth on transportation funding; and options for sustainable, long-term revenue sources for revenue.

Since July 1, 2010, the commission held 14 meetings and submitted a final report to the Governor and the General Assembly on November 1, 2011. During the 2011 legislative session, the commission submitted an interim proposal that highlight several policy and revenue recommendations to be considered during the 2011 legislative session. The legislature did not fully act on the commission’s recommendations at that time.

Commission Recommendations

The commission’s November 1, 2011 final report recommends, among other things, protecting and increasing transportation funding and facilitating funding partnerships. **Exhibit 14** summarizes key recommendations included in the final report.

Exhibit 14 Summary of the Commission’s Final Recommendations

Protect and Increase Transportation Funding

- Amend the Maryland Constitution to prohibit transfers from the Transportation Trust Fund to nontransportation purposes, except in fiscal emergencies.
- Raise \$870 million in new annual revenues for transportation by, for example, increasing (1) the motor fuel tax over three years by 5 cents per gallon per year and then indexing it to inflation; (2) vehicle registration fees by 50%; and (3) other transportation revenues.
- Restore the allocation of annual highway user revenue aid to local governments.

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- Increase transportation bonding capacity commensurate with revenue adjustments.
- Remove the cost-recovery cap for Motor Vehicle Administration fees.
- Consider establishing tolls on new or expanded transportation facilities in conjunction with variable pricing techniques.

Support Transit

- Reach the transit cost recovery ratio goal of 35%.
- Regularly adjust transit fares and eliminate nonpaying ridership.

Support State Growth Policies

- Collaborate with local governments to ensure local plans reflect State growth policies.

Capture Value Created by Transportation Investments

- Integrate value capture analysis into transportation decisionmaking.
- Seek authority to apply tax increment financing support to highway project development.

Facilitate Transportation Financing Partnerships

- Establish centralized enabling legislation for public-private partnerships (P3) outlining efficient and timely legislative review.
- Revise the current transportation P3 process.
- Assess the feasibility of loaning State funds to local governments and private sponsors to facilitate transportation investments.

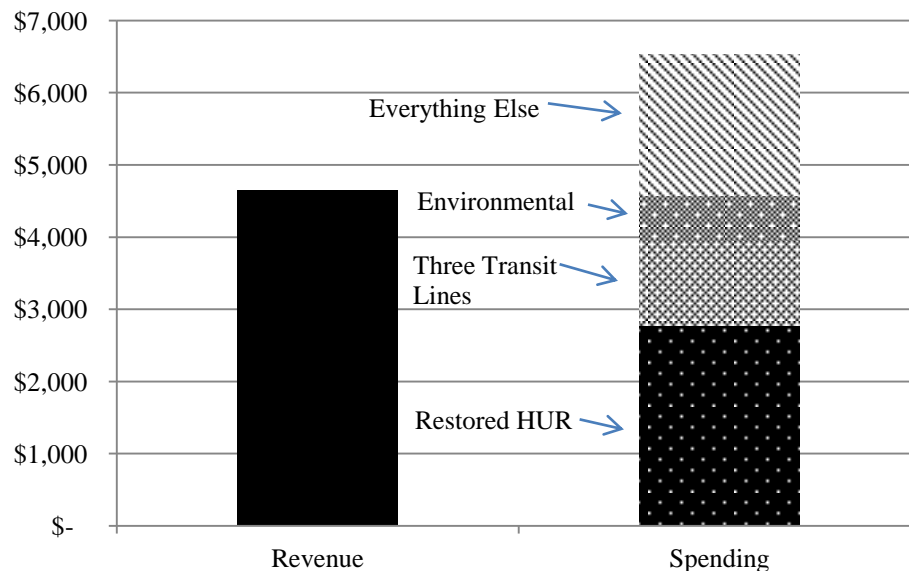
Source: *Final Report to the Governor and Maryland General Assembly by the Blue Ribbon Commission on Transportation Funding*, November 1, 2011

Issues

In considering the Blue Ribbon Commission's recommendations, there are several issues to take into account.

- **How to Spend the Revenue:** The commission’s report spends a great deal of time discussing funding options and how to move transportation projects forward through other policy mechanisms; however, there is little discussion as to how the additional revenue would be spent. The commission’s report provides an illustrative example of how \$800 million could be spent. As shown in **Exhibit 15**, when the commission’s revenue recommendations are matched against the planned spending needs like the major transit lines, fully restoring HUR to 30%, the WIP, and added to the illustrative list, spending far exceeds the revenue recommendation.

Exhibit 15
Spending Needs Exceed Recommended Revenue
Fiscal 2013-2017
(\$ in Millions)



HUR: Highway User Revenues

Source: Blue Ribbon Commission Report; Department of Legislative Services

When considering the Red and Purple lines, the potential answer to how any additional revenue would be spent becomes more obvious. The State continues planning for the lines but has not included the cost of construction for the transit lines in the current capital program. For illustrative purposes, based upon the current plan to construct both lines simultaneously, the State’s cash flow obligations for the Red and Purple Line would be the highest in fiscal 2018, at \$724 million. In addition, the department’s financial plan for the

transit lines assumes a revenue increase. Therefore, to fund the transit lines the following options are available:

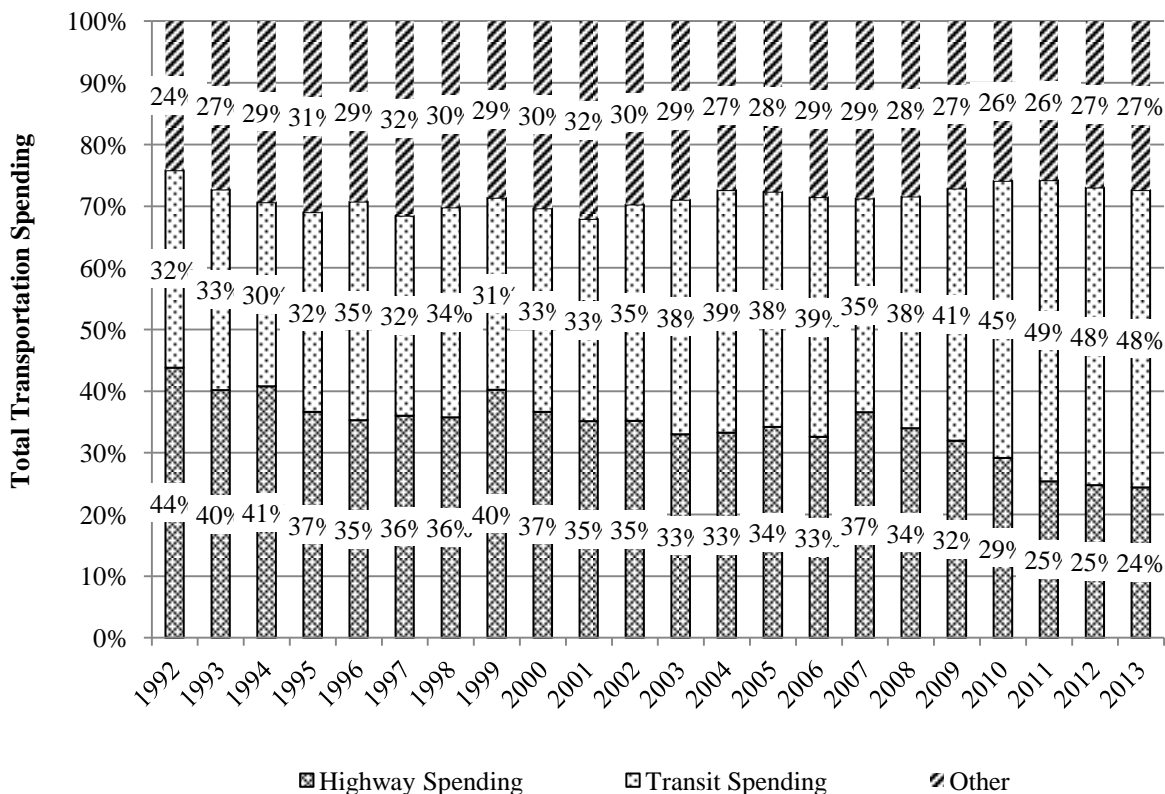
- raise approximately \$724 million (approximately 24 cents on the motor fuel tax);
- delay construction of one transit line;
- use a public-private partnership model to potentially extend the debt service payments, but additional revenue for the payments would need to be identified;
- identify nontraditional funding mechanisms to reduce, but not eliminate, the State's share of the cost like local contributions or tax increment financing; or
- reprioritize funding in the capital program to take funding from other projects to fund the transit lines. Since funding for SHA accounts for 50% of the capital program in fiscal 2017, it is likely that highway funding would need to be reduced.

Understanding what projects and policy objectives will be accomplished by raising revenue will need to be fully understood by policymakers and the public. With the needs for transportation projects far exceeding the availability of revenues, difficult decisions regarding the funding of projects will have to be made. For example, can the State afford to construct two major transit lines simultaneously? Another important question is how any revenue increase should be spent between highway and transit projects and other transportation priorities.

- **Highway versus Transit Spending:** Exhibit 16 shows that in recent fiscal years, the share of special funds supporting transit has increased while highway spending has declined, excluding construction of the InterCounty Connector. For example, in fiscal 1992, highway spending accounted for 44% of spending and transit for 32%, and in fiscal 2013, it is anticipated that highways will account for 24% of spending and transit for 48%. Rising transit spending is due to increased costs in utility prices, labor contracts, and contracted services.

It is important to note that federal aid is largely dedicated to highway capital spending, so that when including federal aid the split between highway and transit is more even, but clearly the State share of funding for transit has been increasing. If the State moves forward with constructing the transit lines, the share of special fund spending on transit is likely to increase dramatically in the short term.

Exhibit 16
Special Fund Highway versus Transit Spending
Operating and Capital
Fiscal 1992-2013



Note: Highway spending excludes the local share of Highway User Revenues and spending on the InterCounty Connector.

Source: Department of Legislative Services

- Local Aid Funding:** The commission's report also recommends restoring the local share of HUR. To do so would require approximately \$325 million in additional revenue, or a 10 cent increase in the motor fuel tax based upon the current financial forecast. Restoring the local share of HUR would supplant revenue that otherwise would go to the State for transportation projects. To what extent, if any, the local share of HUR is restored, will be an important policy consideration.

- **Firewalls, Constitutional Amendments, and Other Efforts to Limit Transportation Transfers:** The commission's report strongly indicated its desire to end or limit the transfer of TTF revenues to nontransportation-related purposes. **Appendix 2** provides charts that detail the history of transfers between the TTF and the general fund, the local share of HUR and the general fund, and payments from the TTF and general fund for the InterCounty Connector (ICC). What the charts show is that transfers from the State share of the TTF have more than been repaid when accounting for the ICC payments. State funding of transportation has not been affected by transfers to the general fund.

The local share of HUR is part of the TTF. Since fiscal 2003, local funding has been reduced \$1,113.7 million and transferred to the general fund. That funding has never been repaid, just as other local aid reductions in the general fund have not been repaid. Had the reduction in local HUR not occurred, other general fund programs would have been cut or revenues would have needed to have been raised.

- **Gas Tax Options:** In its report, the commission recommended a 15 cent increase in the motor fuel excise tax phased in over three years. In year four, the excise tax would be tied to inflation through the Construction Cost Index. DLS estimates that an increase of 1 cent on the motor fuel tax will yield approximately \$30 million in additional revenue and that indexing the motor fuel tax would effectively increase the excise tax by 1 cent a year. Increasing the motor fuel excise tax rate by 15 cents would result in Maryland having the ninth highest motor fuel tax rate, as shown in **Appendix 3**.

Another option would be to institute a rate tax that could be applied at the retail or wholesale level. Following is a discussion of each option.

- **Sales Tax at the Retail Level:** The sales tax could be expanded to include the sale of motor fuel. There are five states that impose the sales tax on the retail price of motor fuel (California, Illinois, Indiana, Michigan, and New York) as shown in Appendix 3. Virginia also has a sales tax that is applied at the distributor level in an effort to reduce the number of businesses remitting the tax. Those states that impose the sales tax at the retail level tend to have the highest rates on motor fuel.

There are several issues to consider with imposing the sales tax at the retail level.

- First, motor fuel prices are volatile and when prices increase consumers will pay more. Revenue growth will likely be greater than with the existing excise tax.
- Second, collecting the tax at the retail level is more complicated than the current system with the excise tax.
- Third, a policy decision needs to be made as to whether or not to include federal and state excise taxes.

DLS estimates that imposing the sales tax on the sale of motor fuel would generate \$670 million in fiscal 2013.

- **Rate Tax at the Wholesale Level:** Another option would be to apply a rate tax at the wholesale level. This type of tax could be structured any number of ways. From 1985 to 1987, Maryland had a wholesale tax rate, but it never took effect due to the wholesale price not exceeding the amount needed for calculation. The tax rate would be calculated using the average wholesale price from a specified time period multiplied by a rate and then be translated into cents per gallon.

The benefits to a wholesale rate tax are as follows:

- it reduces the volatility in price for consumers because the tax can be calculated based upon an average wholesale price, but would still likely increase as the price of motor fuel increases;
- it is administratively easier to collect than the retail tax because it would continue to be collected at the wholesale level; and
- the tax could be structured to cap increases or to avoid decreases in the tax rate unlike the retail sales tax.

DLS estimates that imposing a 6% wholesale rate tax would generate approximately \$600 million.

- **Registration Fees:** The commission also recommended increasing the registration fee by 50%, generating approximately \$165 million. The registration fee was last increased during the 2004 session from \$27.00 to the current fee of \$50.50 for regular vehicles annually. There is also a \$13.50 surcharge for emergency medical services. As shown in **Appendix 4**, Maryland already has one of the higher registration fees compared to other surrounding jurisdictions.

Recommended Actions

1. Add the following language:

Provided that it is the intent of the General Assembly that projects and funding levels appropriated for capital projects, as well as total estimated project costs within the Consolidated Transportation Program (CTP), shall be expended in accordance with the plan approved during the legislative session. The department shall prepare a report to notify the budget committees of the proposed changes in the event the department modifies the program to:

- (1) add a new project to the construction program or development and evaluation program meeting the definition of a “major project” under Section 2-103.1 of the Transportation Article that was not previously contained within a plan reviewed in a prior year by the General Assembly and will result in the need to expend funds in the current budget year; or
- (2) change the scope of a project in the construction program or development and evaluation program meeting the definition of a “major project” under Section 2-103.1 of the Transportation Article that will result in an increase of more than 10% or \$1,000,000, whichever is greater, in the total project costs as reviewed by the General Assembly during a prior session.

For each change, the report shall identify the project title, justification for adding the new project or modifying the scope of the existing project, current year funding levels, and the total project cost as approved by the General Assembly during the prior session compared with the proposed current year funding and total project cost estimate resulting from the project addition or change in scope.

Further provided that notification of project additions, as outlined in paragraph (1) above; changes in the scope of a project, as outlined in paragraph (2) above; or moving projects from the development and evaluation program to the construction program, shall be made to the General Assembly 45 days prior to the expenditure of funds or the submission of any contract for approval to the Board of Public Works.

Explanation: This annual budget bill language requires the department to notify the budget committees of proposed changes to the transportation capital program that will add a new project that was not in the fiscal 2012-2017 CTP or will increase a total project’s cost by more than 10% or \$1 million, due to a change in scope. Reports are to be submitted with the draft and final versions of the CTP, with each using the 2012 session CTP as the basis for comparison. In addition, notification is required as needed throughout the budget year, if certain changes to projects are made.

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Information Request	Author	Due Date
Capital budget changes from one CTP version to the next	Maryland Department of Transportation	With draft CTP With final CTP
Capital budget changes throughout the year	Maryland Department of Transportation	45 days prior to the expenditure of funds or seeking Board of Public Works approval

2. Add the following language:

The Maryland Department of Transportation (MDOT) shall not expend funds on any job or position of employment approved in this budget in excess of xxx positions and xxx contractual full-time equivalents paid through special payments payroll (defined as the quotient of the sum of the hours worked by all such employees in the fiscal year divided by 2,080 hours) of the total authorized amount established in the budget for MDOT at any one time during fiscal 2013. The level of contractual full-time equivalents may be exceeded only if MDOT notifies the budget committees of the need and justification for additional contractual personnel due to:

- (1) business growth at the Helen Delich Bentley Port of Baltimore or Baltimore/Washington International Thurgood Marshall Airport which demands additional personnel; or
- (2) emergency needs that must be met (such as transit security or highway maintenance).

The Secretary shall use the authority under Sections 2-101 and 2-102 of the Transportation Article to implement this provision. However, any authorized job or position to be filled above the regular position ceiling approved by the Board of Public Works shall count against the Rule of xx imposed by the General Assembly. The establishment of new jobs or positions of employment not authorized in the fiscal 2013 budget shall be subject to Section 7-236 of the State Finance and Procurement Article and the Rule of xx.

Explanation: This annual budget bill language establishes a position ceiling for MDOT each year to limit growth in regular positions and contractual full-time equivalents.

Information Request	Author	Due Date
Additional regular positions and contractual full-time equivalents	MDOT	As needed

3. Add the following language:

It is the intent of the General Assembly that funds dedicated to the Transportation Trust Fund shall be applied to purposes bearing direct relation to the State transportation program, unless directed otherwise by legislation. To implement this intent for the Maryland Department of Transportation (MDOT) in fiscal 2013, no commitment of funds in excess of \$250,000 may be made nor such an amount may be transferred, by budget amendment or otherwise, for any project or purpose not normally arising in connection with the ordinary ongoing operation of MDOT and not contemplated in the approved budget or the last published Consolidated Transportation Program without 45 days of review and comment by the budget committees.

Explanation: This annual budget bill language prohibits MDOT from using transportation funds for uses other than for transportation-related purposes without review and comment by the budget committees.

Information Request	Author	Due Date
Information on nontransportation expenditures exceeding \$250,000	MDOT	As needed

Transportation Trust Fund Forecast
Fiscal 2011-2017
(\$ in Millions)

	<u>2011</u>	<u>Est.</u> <u>2012</u>	<u>Est.</u> <u>2013</u>	<u>Est.</u> <u>2014</u>	<u>Est.</u> <u>2015</u>	<u>Est.</u> <u>2016</u>	<u>Est.</u> <u>2017</u>	<u>Total</u>
Opening Fund Balance	\$234	\$221	\$100	\$100	\$100	\$100	\$100	
Closing Fund Balance	\$221	\$100	\$100	\$100	\$100	\$100	\$100	
<u>Net Revenues</u>								
Taxes and Fees	\$1,739	\$1,793	\$1,979	\$2,155	\$2,237	\$2,298	\$2,326	\$12,788
Operating and Misc.	554	485	484	484	492	500	508	2,953
Transfers btw. TTF and GF	0	-50	0	0	0	0	0	-50
MDTA Transfer	20	0	0	0	0	0	0	0
<i>Net Revenues Subtotal</i>	\$2,313	\$2,228	\$2,463	\$2,639	\$2,729	\$2,798	\$2,834	\$15,691
Bonds Sold	\$0	\$260	\$315	\$360	\$215	\$240	\$320	\$1,710
Total Revenues	\$2,313	\$2,488	\$2,778	\$2,999	\$2,945	\$3,038	\$3,154	\$17,402
<u>Expenditures</u>								
Debt Service	\$158	\$174	\$192	\$222	\$249	\$265	\$304	\$1,405
Operating Budget	1,548	1,581	1,653	1,730	1,803	1,876	1,945	10,587
State Capital	619	853	934	1,048	893	897	907	5,532
Total Expenditures	\$2,325	\$2,608	\$2,779	\$3,000	\$2,945	\$3,038	\$3,156	\$17,525
<u>Debt</u>								
Debt Outstanding	\$1,562	\$1,708	\$1,913	\$2,143	\$2,207	\$2,284	\$2,408	
Debt Coverage – Net Income	3.5	3.2	2.5	2.9	3.2	3.1	2.9	
<u>Local Highway User Revenues</u>	\$139	\$148	\$163	\$170	\$176	\$181	\$183	\$1,021
HUR Transfer to GF	\$377	\$187	\$0	\$0	\$0	\$0	\$0	\$187
<u>Capital Summary</u>								
State Capital	\$619	\$853	\$934	\$1,048	\$893	\$897	\$907	\$5,532
Net Federal Capital (Cash Flow)	614	737	787	748	392	328	353	3,345
<i>Subtotal Capital Expenditures</i>	\$1,235	\$1,590	\$1,721	\$1,796	\$1,285	\$1,225	\$1,260	\$8,877
GARVEE Debt Service	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$525

GARVEE: Grant Anticipation Revenue Vehicle

GF: general fund

MDTA: Maryland Transportation Authority

TTF: Transportation Trust Fund

Source: Maryland Department of Transportation

Transportation Trust Fund Transfers to/from State General Fund

<u>Fiscal Year</u>	<u>Transfers from the Trust Fund To the General Fund</u>	<u>Transfers from the General Fund To the Trust Fund</u>
1984	\$29.0 million (budget shortfall) ¹	
1986	\$100.0 million Maryland Deposit Insurance Fund (Savings and Loan Crisis) ²	
1987		\$15.0 million (partial payback of \$129.0 million)
1988		\$30.0 million (partial payback of \$129.0 million)
1989		\$36.0 million (partial payback of \$129.0 million)
1990		\$36.0 million (partial payback of \$129.0 million)
1991	\$22.2 million (budget shortfall) ³	\$12.0 million (final payback of \$129.0 million)
1992	\$48.0 million (budget shortfall) ⁴ Equal to biennial registration windfall	
1993		
1994		
1995		
1996		
1997		\$6.0 million (failure of fuel efficiency legislation) ⁵
1998		\$21.0 million (failure of fuel efficiency legislation) ⁵
1999		\$15.0 million (failure of fuel efficiency legislation) ⁵
2000		
2001		\$25.1 million (Wilson Bridge/Addison Road Extension) ⁶ \$10.2 million (land adjacent to Greenbelt Metro station) ⁷
2002		\$23.1 million (Share of rental care sales tax paid in fiscal 2002 as part of transit initiative) ⁸
2003	\$160.0 million (budget shortfall) ⁹	
2004	\$154.9 million (budget shortfall) ⁹	
2005		
2006		\$50.0 million partial payback of \$314.9 million ¹⁰
2007		
2008		
2009		

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<u>Fiscal Year</u>	<u>Transfers from the Trust Fund To the General Fund</u>	<u>Transfers from the General Fund To the Trust Fund</u>
2010	¹¹	
2011	¹¹	
2012	\$60.0 million ^{11,12}	
2013	¹¹	
2014		\$26.0 million ¹²
2015		\$25.0 million ¹²
2016		\$21.0 million ¹²
Total Paid	\$574.1 million	\$351.4 million
ICC Repayment		\$264.9 million ¹³
Total with ICC	\$574.1million	\$616.3 million

ICC: InterCounty Connector

¹ Authorized by Chapter 62 of 1983. Preamble specified future general fund (GF) repayment.

² Authorized by Chapter 1 of 1986. Preamble and body specify repayment of this transfer and the \$29.0 million transfer from the 1983 session.

³ Authorized by Chapter 470 of 1991. Funds were transferred to reduce GF shortfall. The statute contains no reference to GF repayment.

⁴ Authorized by Chapter 62 of 1992. Funds transferred to balance the GF budget. The statute contains no reference to GF repayment.

⁵ Payment outlined in Chapter 204 of 1993 to make up for the loss of \$72.0 million from failure of legislation relating to the fuel efficiency surcharge.

⁶ Budget bill appropriations were made in 2001 (\$50.0 million) and 2002 (\$45.0 million) to supplement the Transportation Trust Fund (TTF) to be used for the State's share of constructing a new Woodrow Wilson Bridge (WWB) and a Metro extension from Addison Road to the Largo Town Center. Chapter 440 of 2002 (the Budget Reconciliation and Financing Act (BRFA) of 2002) removed all funding for WWB and Addison Road except the \$25.0 million that had already been expended in 2001.

⁷ Chapter 102 of 2001 (fiscal 2002 budget bill) authorized a deficiency appropriation for \$10.2 million for the acquisition of land adjacent to the Greenbelt Metro Station. The deficiency was offset by the withdrawal of a \$10.0 million appropriation from the Economic Development Opportunities Program Fund

⁸ The BRFA of 2002 altered provisions of the transit initiative. The TTF share of the rental car sales tax was returned to 45.0% and \$9.6 million from the uninsured motorist fee.

⁹ Chapter 203 of 2003 (BRFA of 2003/HB 935) transferred a total of \$314.9 million to the GF and required that the Administration submit a plan by December 1, 2003, on the proposed repayment of funds.

¹⁰ Chapter 430 of 2004 (BRFA of 2004) included a provision to repay the TTF the \$314.9 million borrowed in 2003 and 2004. It required that a general fund surplus in excess of \$10.0 million be appropriated to the TTF, not to exceed \$50.0 million per year and only until such time that \$314.9 million is repaid to the TTF.

¹¹ Chapter 10 of 2008 (SB 46) repealed the sales tax on computer services. As part of the package to offset the GF revenue loss, the TTF share of the sales tax was reduced from 6.5 to 5.3% through fiscal 2013. After 2013, the TTF share of the sales tax was to revert to 6.5%. The revenue going to the GF instead was projected to be \$51.1 million in fiscal 2009, \$53.4 million in fiscal 2010, \$55.8 million in fiscal 2011, \$58.3 million in fiscal 2012, and \$60.9 million in fiscal 2013 (this does not include the TTF share of revenue from the computer services sales tax attributed to the TTF).

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These numbers total \$279.5 million and are based on projections from the fiscal note for SB 46. The 6.5% sales tax distribution was to go in effect beginning in fiscal 2009, but the change in the sales tax distribution occurred before the TTF received any funding. Chapter 397 of 2011 subsequently ended the sales tax distribution to the TTF in fiscal 2012 but increased the State share of TTF revenues to keep revenues to the TTF at the same level as previously provided. Since the TTF never received any funding this action is not considered a transfer.

¹² Chapter 397 of 2011 (BRFA of 2011) transferred \$100.0 million from the TTF with \$60.0 million going to the GF and \$40.0 million to the Rainy Day Fund. Unlike the Administration's proposal, the bill included the repayment of the \$60.0 million from the GF from fiscal 2014 to 2016. The repayment schedule is \$26.0 million in fiscal 2014, \$25.0 million in fiscal 2015, and \$21.0 million in fiscal 2016 and is done through the reconciliation of corporate income tax revenues and is not an explicit repayment schedule. The repayment is greater than the \$60.0 million transferred so that the Maryland Department of Transportation and local jurisdictions would remain whole. The \$40.0 million to Rainy Day Fund is repaid through the additional revenue that was raised for transportation in fiscal 2012.

¹³ This total reflects general funds or general obligation bond funds anticipated or received by the Maryland Transportation Authority for the InterCounty Connector (ICC) as part of the repayment of \$314.9 million transferred from the TTF in fiscal 2003 and 2004. The remaining \$50.0 million of the ICC repayment was made in fiscal 2006 and is reflected separately in the table.

Highway User Revenues Transfers to/from State General Fund

<u>Fiscal Year</u>	<u>Transfers from Local Highway User Revenues To the General Fund</u>
2003	\$17.9 million ¹
2004	\$102.4 million ¹
2005	\$102.4 million ^{1,2}
2006	\$22.7 million ³
2007	
2008	
2009	
2010	\$304.0 million ⁴
2011	\$377.0 million ⁵
2012	\$187.3 million ⁶
2013	
2014	
2015	
2016	
Total	\$1,113.7 million

¹ Chapter 203 of 2003 (the Budget Reconciliation and Financing Act (BRFA) of 2003 /House Bill (HB) 935) authorized a reduction of the locals' share of Highway User Revenues (HUR) that would then be transferred to the general fund (GF). This includes \$17.9 million in fiscal 2003, \$102.4 million in fiscal 2004, and \$51.2 million in fiscal 2005. Since this money came out of the locals' portion of HUR, the money would not have gone to the Transportation Trust Fund (TTF) regardless. The statute contains no reference to GF repayment.

² Chapter 203 of 2003 (BRFA of 2003/HB 935) authorized a reduction of the locals' share of HUR and transfer to the GF of \$51.2 million. Chapter 430 of 2004 (BRFA of 2004/SB 508) added an additional \$51.2 million to this number for a total of \$102.4 million. Since this money came out of the locals' portion of HUR, this money would not have gone to the TTF regardless. The statute contains no reference to GF repayment.

³ Chapter 444 of 2005 (BRFA of 2005/HB 147) redirected \$48.5 million from the locals' share of HUR to the GF and \$25.8 million of Community Safety and Enhancement Program funds were restricted to be used for one-time transportation capital grants allocated under the same statute governing HUR. Since this money came from the locals' share of HUR, it would not have gone to the TTF regardless. The statute contains no reference to GF repayment.

⁴ Chapter 487 of 2009 (HB 101) transferred \$101.9 million from the local share of HUR to the GF in fiscal 2010 and 2011. In addition, \$60.0 million was transferred from the local share of HUR to the GF. During the 2009 interim, the Governor reduced the local share of HUR by \$159.5 million in fiscal 2010 with the intention of transferring those funds to the GF in fiscal 2010. SB 141, as introduced, continued that reduction in fiscal 2011 and 2012. In total, approximately \$340.3 million was to be transferred to the GF in fiscal 2011 and 2012. In fiscal 2010, the prior actions of the legislature plus the \$159.5 million transfer resulted in a planned transfer of \$321 million. The General Assembly reduced the fiscal 2010 transfer to the GF in recognition of the local jurisdictions having already received payments in fiscal 2010 greater than the amount allowed for in the Administration's proposal. Revenue over attainment increased the total GF transfer to \$304.0 million.

⁵ In fiscal 2011, the GF transfer was \$363.4 million, an increase compared to the Administration's proposal to offset the reduced transfer in fiscal 2010. Due to revenue growth, the final amount transferred was \$377.0 million. In fiscal 2012, the transfer was \$338.4 million, to reflect the Administration's proposal. In fiscal 2013 and beyond, 19.3% of HUR is transferred to the GF, this equates to approximately \$339.4 million in fiscal 2013.

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⁶ Chapter 397 of 2011 ended the GF distribution of HUR from the local share, beginning in fiscal 2013 as part of the reconciliation of revenues between the GF and the TTF. To accomplish this, there is a transfer of HUR in fiscal 2012. The TTF, GF, and local HUR are all held harmless in fiscal 2012 and beyond.

InterCounty Connector Related Transfers

<u>Fiscal Year</u>	<u>TTF Transfers for ICC</u>	<u>Repayment of \$314.9 Million</u>
2005	\$22.0 million	
2006	\$38.0 million	\$50.0 million GF payment to TTF ¹
2007	\$30.0 million	\$53.0 million GF payment to MDTA for ICC ²
2008	\$30.0 million	³
2009	\$30.0 million	⁴
2010	\$30.0 million	\$55.0 million GO bonds to MDTA for ICC ⁴
2011		\$89.3 million GO bonds to MDTA for ICC ⁵
2012		\$46.2 million GO bonds to MDTA for ICC ⁶
2014		\$21.4 million to MDTA for ICC ⁷
Total	\$180.0 million	\$314.9 million

GF: general fund

GO: general obligation

ICC: InterCounty Connector

MDTA: Maryland Transportation Authority

TTF: Transportation Trust Fund

¹ Chapter 430 of 2004 (the Budget and Reconciliation and Financing Act (BRFA)) included a provision to repay the Transportation Trust Fund (TTF) the \$314.9 million borrowed in fiscal 2003 and 2004. It required that a GF surplus in excess of \$10.0 million be appropriated to the TTF, not to exceed \$50.0 million per year and only until such time that \$314.9 million is repaid to the TTF.

² Chapters 471 and 472 of 2005 amended this provision to state that in lieu of repaying the TTF, at least \$50.0 million per year would be paid to the Maryland Transportation Authority (MDTA) for construction of the InterCounty Connector (ICC). A payment of \$53.0 million was made to MDTA in fiscal 2007 for this purpose.

³ The Governor's allowance included \$53.0 million in fiscal 2008 for MDTA. However, budget bill language reduced this amount to \$0 contingent on the enactment of legislation modifying the repayment schedule. SB 73 would have removed fiscal 2008 as a year requiring repayment, leaving payments of at least \$50.0 million for 2009 and 2010, with the balance to be repaid in 2010. The bill never made it out of committee (B&T), but the legislature still reduced the appropriation to 0 as part of budget deliberations.

⁴ Chapter 567 of 2008 (SB 182) revised the repayment schedule based on legislation to create a new tax bracket for individuals with an adjusted gross income of \$1.0 million or more. Based on enactment of that legislation (Chapter 10 of 2008/SB 46) repayment is structured as follows: \$85.0 million in fiscal 2009, \$63.0 million in fiscal 2010, and \$63.9 million in fiscal 2011. In October 2008, the Board of Public Works reduced the fiscal 2009 appropriation from \$85.0 million to \$65.0 million. Chapter 487 of 2009 (HB 101/BRFA of 2009) further reduced the fiscal 2009 appropriation to \$0 and allowed the use of general fund (GF) or general obligation (GO) bond proceeds to make payments for the ICC. The repayment schedule was amended to \$55.0 million in fiscal 2010 and the remaining balance of \$156.9 million in fiscal 2011.

⁵ SB 141 (BRFA of 2010) and SB 142 (the capital budget bill) as introduced, would have provided \$126.9 million in GO bonds in fiscal 2011 and the remaining balance of \$30.0 million in fiscal 2012. Based on the cashflow of the project, the legislature amended SB 142 to provide \$89.3 million in GO bonds in fiscal 2011 and amended the repayment schedule in SB 141 to require payment of at least \$80.0 million in fiscal 2011 and the remaining balance in fiscal 2012.

⁶ Chapter 397 of 2011 (BRFA of 2011) and HB 71 (the capital budget bill) as introduced provide for \$57.6 million in GO bonds for the project. Based on the cash flow, the legislature amended HB 71 to provide \$46.2 million in GO bonds for fiscal 2012 and in HB 72 extended the repayment to fiscal 2013 where it is projected \$21.4 million would be paid.

⁷ The BRFA of 2012 defers the final payment to fiscal 2014 and the capital budget bill includes a pre-authorization of funding.

Total State Motor Fuel Tax Rates (Cents Per Gallon)

	<u>Rank</u>	<u>State</u>	Regular Gasoline			Diesel			<u>Sales Tax</u>	<u>Variable Rate</u>	<u>Local Tax</u>	<u>Notes</u>
			<u>Excise</u>	<u>Other Tax/Fee</u>	<u>Total</u>	<u>Excise</u>	<u>Other Tax/Fee</u>	<u>Total</u>				
*	1	New York	8.1	40.9	49.0	8.0	41.5	49.5	x	x	x	State – Sales tax adjusted based upon population. Local – County sales tax.
*	2	Connecticut	25.0	23.6	48.6	46.2	0.0	46.2		x		State – 7.0% gross receipts earnings tax, collected at the wholesale level and adjusted annually.
	2	California	35.7	12.9	48.6	13.0	38.5	51.5	x	x	x	State – 2.25% sales tax for gas and 2.0 cpg UST fee. Local – At least a 1.25% sales tax on diesel.
	4	Hawaii	17.0	30.1	47.1	17.0	32.8	49.8			x	State – 4.0% sales tax, and 0.1 cpg environmental tax. Local – County taxes.
	5	Michigan	19.0	20.4	39.4	15.0	22.9	37.9	x			State – 6.0% sales tax and 0.875 cpg environmental fee.
*	6	North Carolina	38.9	0.3	39.2	38.9	0.3	39.2		x		State – Flat excise tax plus a variable rate of 7.0% of average wholesale price during preceding six months.
	7	Illinois	19.0	19.9	38.9	21.5	22.2	43.7	x		x	State – 6.25% sales tax calculated off retail price less federal and state excise taxes and 0.3 cpg tax for UST.
	7	Indiana	18.0	20.9	38.9	16.0	33.0	49.0	x			State – 7.0% sales tax; 1.0 cpg inspection fee and 11.0 cpg surcharge for diesel paid quarterly.
	9	Washington	37.5	0.0	37.5	37.5	0.0	37.5			x	
	10	Florida	4.0	31.0	35.0	4.0	26.5	30.5		x	x	State – 12.0 cents sales tax indexed to CPI and other State taxes (e.g., 2.2 cpg environmental taxes). Local – Reflects average local option tax rate.

	<u>Rank</u>	<u>State</u>	<u>Regular Gasoline</u>			<u>Diesel</u>			<u>Sales Tax</u>	<u>Variable Rate</u>	<u>Local Tax</u>	<u>Notes</u>
			<u>Excise</u>	<u>Other Tax/Fee</u>	<u>Total</u>	<u>Excise</u>	<u>Other Tax/Fee</u>	<u>Total</u>				
*	11	West Virginia	20.5	12.9	33.4	20.4	11.7	32.1		x		State – Average wholesale tax floor of \$2.34, rate may not change more than 10.0% annually.
	12	Nevada	23.0	10.1	33.1	27.0	1.6	28.6			x	State – 0.75 cpg environmental and 0.055 cpg inspection fees. Local – Option taxes.
	13	Rhode Island	32.0	1.0	33.0	32.0	1.0	33.0				State – 1.0 cpg environmental fee.
	14	Wisconsin	30.9	2.0	32.9	30.9	2.0	32.9				State – 2.0 cpg UST fee.
*	15	Pennsylvania	12.0	20.3	32.3	12.0	27.2	39.2		x		State – Franchise tax based on average wholesale price during a one-year period and 1.1 cpg UST fee paid by retailers.
	16	Maine	30.0	1.5	31.5	31.2	1.5	32.7				State – Includes .07 cpg fee for a coastal and inland water fund and other fees.
	17	Oregon	30.0	1.0	31.0	30.0	0.3	30.3			x	Local – Option taxes.
	18	Georgia	7.5	21.9	29.4	7.5	24.4	31.9		x	x	State – Sales tax of 4.0% applied to stated average prices every six months. Local – Sales tax weighted by population.
	19											State – Includes an inspection fee and some years a cleanup fee.
		Minnesota	28.1	0.1	28.2	27.5	0.1	27.6				
	20	Ohio	28.0	0.0	28.0	28.0	0.0	28.0				
	21	Kentucky	26.4	1.4	27.8	18.1	1.4	19.5		x		State – 10.0 cents of the excise tax indexed to the average wholesale price not to exceed 10.0 cents; 1.4 cpg UST fee; and special fuel taxes.
	21	Montana	27.0	0.8	27.8	27.8	0.8	28.6			x	State – 0.75 cpg fee for environmental cleanup.
	23	Nebraska	26.7	0.9	27.6	26.7	0.3	27.0		x		State – Release prevention fees of 0.9 cpg for gas and 0.3 cpg for diesel.

<u>Rank</u>	<u>State</u>	<u>Regular Gasoline</u>			<u>Diesel</u>			<u>Sales Tax</u>	<u>Variable Rate</u>	<u>Local Tax</u>	<u>Notes</u>
		<u>Excise</u>	<u>Other Tax/Fee</u>	<u>Total</u>	<u>Excise</u>	<u>Other Tax/Fee</u>	<u>Total</u>				
24	Vermont	19.0	7.1	26.1	25.0	4.0	29.0		x		State – Includes an infrastructure fee valued at 2.0% of the average ppg of gas less taxes in the prior quarter and a 1.0 cpg license fee for UST.
25	Idaho	25.0	0.0	25.0	25.0	0.0	25.0				
26	Kansas	24.0	1.0	25.0	26.0	1.0	27.0				State – 1.0 cpg environmental fee.
27	Utah	24.5	0.0	24.5	24.5	0.0	24.5				
28	South Dakota	22.0	2.0	24.0	22.0	2.0	24.0				State – 2.0 cpg tank inspection fee.
* 29	Maryland	23.5	0.0	23.5	24.3	0.0	24.3				
29	Massachusetts	21.0	2.5	23.5	21.0	2.5	23.5				State – 2.5 cpg UST fund tax.
* 29	District of Columbia	23.5	0.0	23.5	23.5	0.0	23.5				
* 32											State – 0.9% gross receipts tax assessed for hazardous substance cleanup fund.
	Delaware	23.0	0.0	23.0	22.0	0.0	22.0				
32	North Dakota	23.0	0.0	23.0	23.0	0.0	23.0				
34	Colorado	22.0	0.0	22.0	20.5	0.0	20.5				
34	Iowa	21.0	1.0	22.0	22.5	1.0	23.5		x		State – Based upon percentage of ethanol sales compared to total motor fuel tax sold. 1.0 cpg UST fee.
36	Arkansas	21.5	0.3	21.8	22.5	0.3	22.8				State – 0.3 cpg fee at the wholesale level for UST fund.
37											State – 1.0 cent special petroleum tax for gas and 0.4 cpg environmental fee.
	Tennessee	20.0	1.4	21.4	18.0	0.4	18.4			x	
38											State – 1.0 cpg fee at the wholesale level for UST. Local – Other taxes averaging 2.0 cpg.
	Alabama	16.0	4.9	20.9	19.0	2.9	21.9			x	
39	Louisiana	20.0	0.0	20.0	20.0	0.0	20.0				
39	Texas	20.0	0.0	20.0	20.0	0.0	20.0				

<u>Rank</u>	<u>State</u>	<u>Regular Gasoline</u>			<u>Diesel</u>			<u>Sales Tax</u>	<u>Variable Rate</u>	<u>Local Tax</u>	<u>Notes</u>
		<u>Excise</u>	<u>Other Tax/Fee</u>	<u>Total</u>	<u>Excise</u>	<u>Other Tax/Fee</u>	<u>Total</u>				
* 41	Virginia	17.5	2.3	19.8	17.5	2.6	20.1	x		x	State – 0.6 cpg storage tank fee. Local – 2.1% sales tax on motor fuels in Northern Virginia.
42	New Hampshire	18.0	1.6	19.6	18.0	1.6	19.6				State – Includes 0.125 cpg fee for oil pollution control fund and 1.5 cpg fee for UST cleanup fund.
43	Arizona	18.0	1.0	19.0	18.0	1.0	19.0				State – 1.0 cpg UST tax.
44	New Mexico	17.0	1.9	18.9	21.0	1.8	22.8			x	State – 1.0 cpg loading fee.
45											State – 0.4 cpg environmental fee. Local – Three counties have a 3.0 cpg seawall tax.
	Mississippi	18.0	0.8	18.8	18.0	0.8	18.8			x	
46											State – Includes agricultural inspection and transport load fees.
	Missouri	17.0	0.3	17.3	17.0	0.3	17.3				
47	Oklahoma	16.0	1.0	17.0	13.0	1.0	14.0				State – 1.0 cpg UST fee.
48											State – 0.25 cpg inspection fee and 0.50 cpg UST fee.
	South Carolina	16.0	0.8	16.8	16.0	0.8	16.8				
* 49											State – 4.0 cpg petroleum products gross receipts tax.
	New Jersey	10.5	4.0	14.5	13.5	4.0	17.5				
50	Wyoming	13.0	1.0	14.0	13.0	1.0	14.0				State – 1.0 cpg UST fee.
51	Alaska	8.0	0.0	8.0	8.0	0.0	8.0				
US Average		20.9	9.5	30.4	19.0	10.6	29.6				

*MidAtlantic Region

cpg cents per gallon

UST: Underground Storage Tank

Source: American Petroleum Institute; Department of Legislative Services

Annual Registration Fees in Surrounding Jurisdictions

	<u>Motor Vehicles</u>	<u>Commercial Vehicles</u>
Delaware	\$40.00	\$15.00 to \$40.00 for up to 5,000 lbs. and \$18.00 per each 1,000 lbs. over 5,000 lbs.
District of Columbia	\$72.00 (3,499 lbs. or less) \$115.00 (3,500 to 4,999 lbs.) \$155.00 (5,000 lbs. or more)	\$125.00 to \$575.00 per weight
Maryland	\$50.50 for 3,700 lbs. or under \$76.50 for over 3,700 lbs.	\$63.75 per truck (7,000 lbs.) \$9.00 to \$16.00 per 1,000 pounds (10,000 to 80,000 lbs.)
Pennsylvania	\$36.00	\$27.00
Virginia	\$40.75 for 4,000 lbs. or under \$45.75 for over 4,000 lbs.	\$51.75 per truck (6,501 to 7,500 lbs.)
West Virginia	\$30.00 (under 8,000 lbs.)	\$28.00 per vehicle (8,001 to 16,000 lbs.) plus \$5.00 per each 1,000 lbs. over 8,000 lbs.

Source: Department of Legislative Services; Maryland Department of Transportation